

TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 3 - 0 1 5

2. STATE:

OKLAHOMA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

10-01-03

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440-120

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$ <750,000

b. FFY 2005 \$ <750,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 7

★ Attachment 4.19-B, Page 7a

★ See Remarks

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Same page, Revised 10-1-03, TN#02-03

~~Same page, Deleted, 10-1-03, TN#02-03~~

10. SUBJECT OF AMENDMENT:

Prior authorization required for brand name

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mike Fogarty

14. TITLE:

Chief Executive Officer

15. DATE SUBMITTED:

December 23, 2003

16. RETURN TO:

Oklahoma Health Care Authority

attn: Jim Hancock

4545 N. Lincoln, Suite 124

Oklahoma City, OK 73105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: Dec. 29, 2003

~~07 JANUARY 2004~~

18. DATE APPROVED:

24 FEBRUARY 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1 OCTOBER 2003

20. SIGNATURE OF REGIONAL OFFICIAL:

Bill Brooks for Andrew Fredrickson

21. TYPED NAME:

ANDREW A. FREDRICKSON

22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR

DIV OF MEDICAID & CHILDREN'S HEALTH

23. REMARKS:

c: Mike Fogarty
Jim Hancock

★ Pen + Ink Change Per State's Ltr Dated 2/10/04.

Leave Page 7a as is -

2/18/04

Telephone conversation with
Jim Hancock

State OKLAHOMA

STATE <u>OKlahoma</u>	A
DATE REC'D <u>12-29-03</u>	
DATE APP'VD <u>24 Feb 04</u>	
DATE EFF <u>1 Oct 03</u>	
HCFA 179 <u>03-15</u>	

Attachment 4.19-B
Page 7

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE**

6. Payment for prescribed drugs

Payment for compensable drugs is made on the basis of the lowest of the following:

- (I) Maximum Allowable Cost (MAC), for state selected products plus a dispensing fee. The State Maximum Allowable Cost (SMAC) is established for certain products which have a Food and Drug Administration (FDA) approved generic equivalent. There are two calculations done for each product. The first is unit Average Wholesale Price (AWP) minus 15% and the second is unit Wholesale Acquisition Cost (WAC) plus 12%. For each product, the lower value is to be considered. The median value of the "lower of" or "lesser of" values then becomes the SMAC price
- (II) Multiple source drugs. Multiple source drug means a drug marketed or sold by two or more manufacturers or labelers or a drug marketed or sold by the same manufacturer or labeler under two or more different proprietary names or both under a proprietary name and without such a name.

Brand Necessary Certification. A prior authorization will be required for brand necessary certification. The Brand Necessary Certification applies to the CMS Upper Limit and State Maximum Allowable Cost (SMAC) products.

- (III) The Estimated Acquisition Cost (EAC). The EAC means the Agency's best estimate of the price generally and currently paid by providers for a drug marketed or sold by a particular manufacturer or labeler in the package size of drug most frequently purchased by providers. The EAC to be used for the purchase of prescription drug products is established at a percentage of the Average Wholesale Price (AWP) as defined by the Agency's pricing resource. The percentage discount off of the AWP is minus 12%.
- (IV) The provider's usual and customary charges to the general public. The usual and customary charge will be a single price which includes both the product and the dispensing fee.

After public hearings which considered dispensing fee surveys, usual and customary charge surveys and appropriate inflationary indices, the Agency's Rates and Standards Committee has approved a maximum dispensing fee not to exceed \$4.15.

Revised 10-01-03

TN# 03-15 Approval Date 24 Feb 04 Effective Date 1 Oct 03
Supersedes
TN# 02-03

SUPERSEDES: TN- 02-03